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E.O. 12958: N/A

TAGS: <u>EAID ECON EFIN KDEM PGOV PREL SA KU QA AE AF</u> SUBJECT: PREPARATION FOR THE PARIS CONFERENCE ON

AFGHANISTAN

REF: STATE 32155 (NOTAL)

Sensitive but unclassified; please handle accordingly.

11. (U) This is an action request. See paragraph four.

Overview

12. (U) On June 12, France will host and co-chair (along with the Government of Afghanistan and the UN) a Foreign Minister-level international conference on Afghanistan in Paris. We anticipate Foreign Minister Kouchner, UN Secretary General Ban Ki-moon, and Afghan Foreign Minister Spanta will jointly chair, and up to 80 international delegations will be present. Afghan President Karzai and French President Sarkozy are also expected to play key roles. Ambassador Kai Eide, the new Special Representative of the UN Secretary-General to Afghanistan, will likely use this venue

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to unfold his vision for donor coordination and mobilization of resources for Afghanistan.

13. (U) Tentatively dubbed by the French as the "Afghanistan Support Conference," this major international gathering will focus on two main objectives, one political and one financial. On the political side, the conference is meant to renew the international community's support for the Afghanistan Compact -- the roadmap for Afghanistan's development signed by the Afghanistan Government and international partners at the 2006 London Conference. On the financial side, the conference is intended to help raise new financial pledges to support the Afghan National Development Strategy and to support 2009 and 2010 elections. It will also urge donors to live up to previous, still-unfulfilled promises of assistance. End overview.

Objectives

14. (SBU) Department requests that action addressees approach host governments at an appropriate senior level with the following objectives (Assistant Secretary Boucher will personally deliver this demarche to the UAE Government when he visits Abu Dhabi April 15):

-- Emphasize the importance the U.S. places on this initiative;

- -- Urge attendance by senior host nation officials, preferably at the ministerial level, at the conference and a commitment to pledge financial support; and
- -- Seek initial feedback from host governments on possible conference attendees when available and intentions regarding pledging.

Reporting deadline

15. (U) Posts should report demarche results to SCA/A, slugged for Lauren Frese, and to NEA/ARP, no later than Friday, April 126. Embassy Kabul should inform the Afghan Government of the U.S. effort.

Background

- 16. (SBU) While the exact amount of the U.S. pledge for Afghanistan at the conference is still under review, it will be substantial. We will send more details on U.S. pledging and the composition of the U.S. delegation in the coming months, prior to the conference.
- 17. (SBU) On the financial component, the pledge total must surpass the \$10.5 billion achieved in the 2006 London Conference for the meeting to be portrayed a success. Anything lower will be perceived inside and outside the conference as a waning of the international community's commitment to Afghanistan. We expect the conference participants will pledge as much as \$12-13 billion.
- 18. (SBU) The U.S. Government is aiming for significant increases in contributions from the Gulf states, which would, in turn, show the insurgents that these states support the Government of Afghanistan and would contribute to the international community's long-term investment in Afghanistan. Particularly, the United States will target Saudi Arabia, United Arab Emirates, Kuwait, and Qatar, which are capable of providing much more to this effort than they have to date. Since 2002, Saudi Arabia has pledged \$259 million for Afghan reconstruction, with a financial contribution of \$52 million for construction of the Kandahar-Herat road. The United Arab Emirates has pledged roughly \$74 million in assistance since 2001, but the exact amount and nature of its actual disbursement is not clear. The Emiratis frequently cite higher assistance numbers in meetings with senior U.S. officials, but follow-up attempts to determine the scope and types of project assistance cannot be verified, even with UAE officials. Kuwait has disbursed nearly \$45 million in foreign assistance to Afghanistan since 2001, but says additional aid is dependent on resolving \$19 million in Afghan Government arrears on a 1977 loan for a sugar factory. After years of debate regarding the loan terms, the Kuwait fund has resubmitted the loan terms under Highly Indebted Poor Country status that the Government of Afghanistan and the Paris Club began reviewing in March. However, while we are encouraging rapid progress, these debt negotiations are a long process, and Kuwait does not appear in a hurry to resolve this issue. Since 2001, Qatar has pledged \$21 million, but we do not know of any disbursement from that country.
- 19. (SBU) The Gulf states are more likely to provide new assistance to Afghanistan if the Afghans take the lead in requesting help. The Gulf states also prefer to focus on specific projects as opposed to other forms of assistance. The U.S. Government will recommend that the Afghan Government identify particular reconstruction projects that will require donor support. For example, we will work with the Afghans to encourage Saudi Arabia's current consideration of financing for construction of the un-built northwest corridor of the Afghan ring road and request Saudi Arabia to consider it as a Paris deliverable. The U.S. Government will also propose to the Afghan Government that it ask Gulf states to consider

contributing to the Afghanistan Reconstruction Trust Fund and the 2009 and 2010 elections, or financing for irrigation construction, the Northern Electric Power System (specifically, the Kama irrigation/hydro-electric power project in Nangahar), construction of Afghan roads (specifically, the Nangarhar Southern Ring Road and the Herat-Changcharan Road), urban housing, and rehabilitation of regional airports. Embassy Kabul plans to encourage the Afghan Government beginning the week of April 6 to engage before the Paris conference with the governments of Kuwait, Saudi Arabia, United Arab Emirates, and Qatar to seek pledges of assistance toward these projects.

110. (SBU) In addition to new financing, it is equally important to remind the Gulf states who have previously made promises of financial assistance to accelerate action to disburse these pledges expeditiously. The Afghan people have made enormous strides over the previous seven years, but the stability achieved so far remains fragile in many parts of the country and is still dependent to a large extent on the financial generosity and follow-through of the international community.

Point of contact

 $\P11$. (U) Point of contact in SCA/A is Afghanistan desk officer Lauren Frese at 202-647-4895 or by classified email.